

Message Text

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PAGE 01 DHAHRA 00394 290747Z
ACTION NEA-10

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R 290625Z MAR 77
FM AMCONSUL DHAHRAN
TO AMEMBASSY AMMAN
USDOC WASHDC
INFO SECSTATE WASHDC 5347
AMEMBASSY DAMASCUS
AMEMBASSY ATHENS
AMEMBASSY TEHRAN
AMEMBASSY JIDDA

C O N F I D E N T I A L DHAHRAN 0394

E.O. 11652: GDS
TAGS: BEXP, SY, JO, SA
SUBJ: PROPOSED SYRIA-JORDAN RAILROAD CONNECTION

REF: (A) USDOC 04369, (B) AMMAN 1350

BEGIN CONFIDENTIAL

1. DIRECTOR GENERAL OF SAUDI GOVERNMENT RAILROAD
ORGANIZATION (SGRO) FAISAL SHUHAIL TOLD ME MARCH 24 HE
DOES NOT BELIEVE ANYONE IN HIS GOVERNMENT IS SERIOUSLY
CONSIDERING SAUDI RAILROAD LINK WITH JORDAN MENTIONED
PARA 3, REF B. SHUHAIL ADDED THAT SAUDI GOVERNMENT HAS
HAD LITTLE ENTHUSIASM IN RECENT YEARS FOR PROJECTS INVOLVING
REVIVAL OF OLD HEJZ RAILROAD OR SAUDI RAILROAD
LINKS WITH JORDAN AND SYRIA, PARTICULARLY "SINCE
SYRIANS ALWAYS SEEM TO APPOINT A COMMUNIST AS THEIR
MINISTER OF COMMUNICATIONS." THE DIRECTOR GENERAL THEN
SHOWED ME A NOVEMBER 1975 STUDY BY ARTHUR D. LITTLE ENTITLED
"THE FUTURE OF THE SAUDI RAILROAD". AFTER DISCUSSING
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SEVERAL POSSIBLE NEW ROUTES THE STUDY CONCLUDED: "THE
MEDINA-JORDAN BORDER LINK WAS NOT CONSIDERED." USDOC
MIGHT WISH TO CONTACT ARTHUR D. LITTLE TO DISCUSS THIS
MATTER IN MORE DETAIL WITH SPECIALISTS INVOLVED IN THE
SAUDI STUDY.

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BEGIN UNCLASSIFIED

2. SHUHAIL STATED THAT HE WOULD EXPECT MORE SERIOUS CONSIDERATION TO BE GIVEN EVENTUALLY TO A RAIL CONNECTION BETWEEN JUBAIL AND KUWIAT IN ORDER TO CONNECT THE SAUDI SYSTEM WITH THE IRAQI LINES AND THUS THE OLD ORIENTAL EXPRESS. THIS, HOWEVER, WOULD BE SOMETIME IN THE FUTURE AND WOULD IN ANY EVENT HAVE TO FOLLOW CONSTRUCTION OF THE DAMMAM-JUBAIL SEGMENT. HE STATED THAT SGRO BOARD OF DIRECTORS HAS APPROVED THAT SEGMENT, WHICH IS IN THIS YEAR'S BUDGET, BUT THE ROYAL COMMISSION FOR JUBAIL IS CURRENTLY ASSESSING THE PROJECT TO INSURE THAT THE RAIL LINE MESHES PROPERLY WITH THE MASSIVE INDUSTRIALIZATION PROGRAM AT JUBAIL. ACQUISITION OF LAND IS TURNING OUT TO BE A DIFFICULT PROBLEM, AND SHUHAIL EXPECTS THE ACTUAL TENDERING TO BE HELD OFF UNTIL NEXT YEAR. CONSULTANTS WILL BE SELECTED BY SGRO WITHIN THE NEXT FEW DAYS FROM A LIST OF INTERNATIONAL FIRMS INCLUDING GIBBS AND HILL AND URS CORPORATION FROM THE U.S.

3. ACCORDING TO SHUHAIL, THE SGRO BOARD OF DIRECTORS HAS APPROVED A PLAN TO EXPAND ITS LINES FROM RIYADH TO JIDDA, BUT THE COUNCIL OF MINISTERS HAS NOT YET GIVEN THE PROJECT ITS BLESSINGS. THE SGRO BOARD APPROVED EITHER OF TWO ALTERNATE ROUTES, THE FIRST FROM RIYADH TO QASIM TO MEDINA TO YENBO, AND THE SECOND FROM RIYADH TO TAIF TO MECCA TO JIDDA WITH AN EXTENSION FROM JIDDA TO MEDINA AND YNEBO

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4. RENEWAL OF EXISTING TRACK WILL BE GIVEN HIGH PRIORITY ATTENTION DURING THE NEXT FEW YEARS, ACCORDING TO SHUHAIL. WITHIN THE NEXT 20 DAYS AN CONTRACTOR WILL BE SELECTED FROM AMONG EIGHT COMPETITORS BIDDING FOR RENEWAL OF 100 KILOMETERS OF TRACK. PLANS ALSO CALL FOR A TENDER NEXT YEAR FOR RENEWAL OF 350 KILOMETERS. CURRENTLY, THE SGRO IS ATTEMPTING TO SELECT THE WINNER OF A TENDER FOR 16 PASSENGER COACHES AND TWO DINING CARS. SGRO TECHNICAL STAFF HAS RECOMMENDED THE US FIRM, BUDD, AND SHUHAIL CLEARLY PREFERS US EQUIPMENT AND TECHNOLOGY WHENEVER POSSIBLE. UNFORTUNATELY THE BUDD PRICE OF SR 51 MILLION IS SO MUCH HIGHER THAN THE SR 21 MILLION QUOTED BY THE LOWEST BIDDER, A KOREAN FIRM, THAT SHUHAIL FINDS IT DIFFICULT TO PLACE THE ORDER FOR THE PREFERRED EQUIPMENT. HE IS USING EVERY POSSIBLE MEANS TO DELAY THE DECISION UNTIL HE CAN FIND A WAY TO JUSTIFY THE LARGE PRICE DIFFERENCE OR UNTIL HE FINDS AN ALTERNATE SOLUTION.

5. CONSULATE GENERAL WILL CONTINUE TO FOLLOW SGRO

PLANNING RD PROCUREMENT EFFORTS IN ORDER TO KEEP USDOC
AND US SUPPLIERS INFORMED OF THIS SUBSTANTIAL TRADE
POTENTIAL. MENAWHILE, ALTHOUGH BUDD OFFICERS ARE
UNDOUBTEDLY WELL AWARE OF CURRENT SITUATION REGARDING THE
PASSENGER COACHES AND DINING CARS, USDOC MAY WISH TO PASS
INFORMATION IN PRECEEDING PARA TO THEM.
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